

REVISITING ENTREPRENEURSHIP AND ECONOMIC GROWTH IN NIGERIA: THE INTERPLAY OF INSTITUTIONS, EDUCATION AND POLICY STABILITY

Yusuf Bala Zaria

Department of Economics, Ibrahim Badamasi Babangida University, Lapai Niger State

Corresponding Author's email: yusufbalazaria@ibbu.edu.ng



(TETF/DESS/UNI/SOKOTO/ARJ/01)

Abstract

This study investigates the relationship between entrepreneurship and economic growth in Nigeria by examining the roles of institutional quality, educational attainment, state policy uncertainty, and access to finance within an Autoregressive Distributed Lag (ARDL) framework over the period 2002–2024. The study is anchored on the Constant Returns to Scale (CRS) framework derived from the augmented Cobb–Douglas Production Function and the Robert Solow growth model, which conceptualise entrepreneurship as a productive input influenced by institutional and human capital conditions. Preliminary correlation results reveal statistically significant positive relationships among entrepreneurship (SMEs), educational attainment, unstable policies, and access to finance at the 1% significance level, while regulatory quality exhibits a significant negative correlation. The ARDL bounds cointegration results further confirm the existence of a statistically significant and stable long-run equilibrium relationship between GDP and the explanatory variables. Long-run estimates indicate that SMEs exert a positive and significant effect on GDP, underscoring the importance of entrepreneurship in promoting innovation, productivity, employment generation, and structural transformation. In contrast, educational attainment and state policy uncertainty demonstrate significant negative effects on economic growth, while institutional quality exerts a negative but statistically insignificant influence. Access to finance also reveals a marginally significant negative effect, reflecting persistent structural, governance, and financial inefficiencies within the Nigerian economy. Furthermore, the negative and highly significant error correction term confirms strong adjustment toward long-run equilibrium following short-run disequilibria. The study concludes that entrepreneurship-driven growth in Nigeria depends substantially on effective institutions, quality education, stable policies, and inclusive financial systems, and therefore recommends institutional reforms, educational restructuring, policy consistency, and improved financial accessibility to enhance sustainable economic growth.